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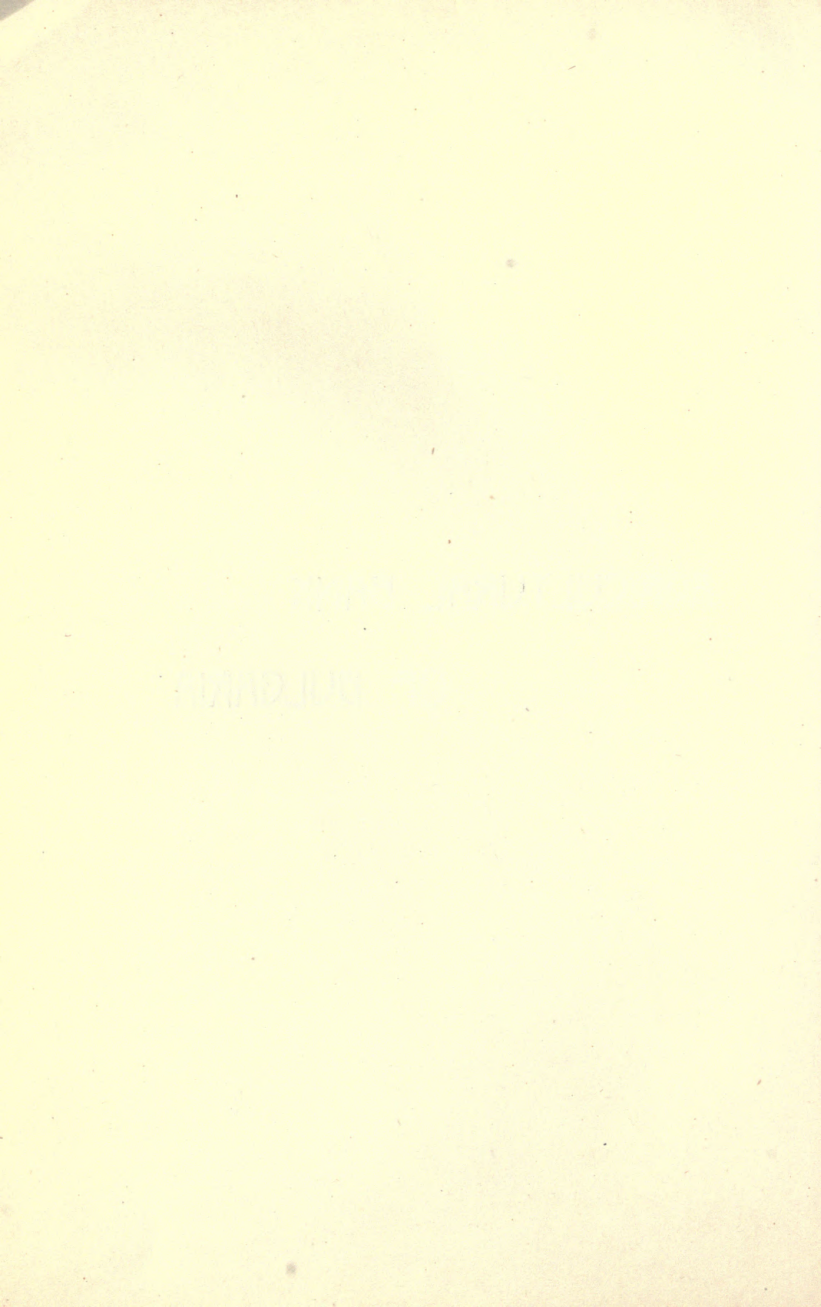
SOFIA

G. T. PASPALEFF, PRINTER and LITHOGRAPHER

1907

AGRICULTURAL BANK

OF BULGARIA



OFFICIAL EDITION
OF THE AGRICULTURAL BANK OF BULGARIA



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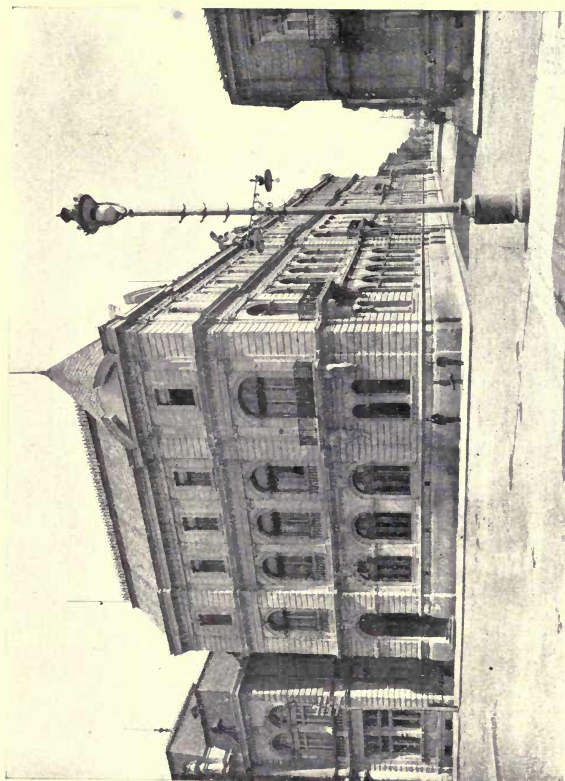


SOPHIA
PRINTER and LITHOGRAPHER G. T. PASPALEFF
1907

THE
NATIONAL BANK OF BULGARIA

NATIONAL BANK
OF BULGARIA

SOFIA
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THE BANK'S OFFICES.

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Agricultural Bank of Bulgaria.



The idea of organizing agricultural credit (crédit agricole) in Bulgaria dates from 1863, when the Principality was still under Turkish domination, and was first started by Midhat Pasha, Governor-General of the Danubian province, or the country now known under the name of Northern Bulgaria.

According to the original scheme of Midhat Pasha, the Urban banks, as they were then called, had for object to help the agricultural population, the activity of each bank being limited to its respective district.

Two years later, in 1865, the Turkish government issued a law creating similar institutions throughout the whole Empire.

The original capital of these banks was to be constituted by the proceeds from the sale of the various agricultural products which were collected from the inhabitants of every district in virtue of a decision of the Administrative council.

Shortly afterwards, the mode of collecting this tax was altered in many of the villages of Eastern Bulgaria,

owing to the pressure of the Turkish farmers who were the richest and most influential members of the agricultural community.

The farmers of every village cultivated together certain communal lands. They retained from the produce of such lands a part equal to what they had contributed, the number of the beasts of burden employed serving as criterion in the distribution. The remainder was kept in the village store house and served as reserve in case of famine. This practice, which remained in force only during the years 1872—1874, would undoubtedly have been preferred by the rural population, had the indigent members of the community, who formed the majority of the inhabitants, not been oppressed by the rich and made to do all the work.

The cereals which were thus collected for the benefit of the Urban banks were sold at auction by the communal authorities.

The banks were to commence their operations as soon as their capital had attained the sum of 4,000 frs.

The administration of each bank was entrusted to four persons elected from among the most important inhabitants of the district. They were called «lieutenant-cashiers» of the district. Two of them were Mahommedans and the remaining two Christians. In the districts where there was no Christian population all the four were Mahommedans.

During the first years after their creation, these banks were kept open to the public on only one day every week — the market day. According to the habit



PRINCIPAL ENTRY.

then prevailing and which is still observed, the market day was specially fixed for every town. On these days, an unusual animation was to be observed, owing to the arrival of merchants and peasants, which formed a striking contrast with the remaining days of the week when perfect quiet reigned in the town.

The banks could not be opened on any other days, except in cases of great urgency and with the special permission of the government.

The presence of all the four cashiers was indispensable.

With the increase of their financial resources and the development of their transactions, the banks began to be kept open all through the week.

The keeping of the books was entrusted to the best educated among the cashiers who acted as secretary. If none of the cashiers was fit for these duties, the task was entrusted to an outside person.

These banks advanced loans secured by personal guarantee, the pledging of objects of value, or on mortgage. The terms varied from three months to one year.

The rate of interest was fixed at 12 per cent. This latter, however, was reduced in 1867 to 10 per cent. in the province of Adrianople, while in 1873 it was still further reduced to 9 per cent. in the Danubian province. In the case of loans on personal security, one guarantee at least, and that an owner of realty, was required. The value of the goods pledged had to be superior to the sum advanced. If the loan was secured by mortgage, the income derived from the mortgaged

property had to be twice the amount of the interest paid on the capital advanced.

The formalities accompanying the conclusion of a loan secured by landed property were simplified to such an extent, that they were practically nonexistent. All that was required consisted in the handing over to the bank the title deeds of the mortgaged property, the possession of these deeds amounting to the right of property.

When the loan was secured by personal guarantee, the person borrowing had to sign a bill, as well as fix his seal. If he happened to be illiterate or had no seal, he stamped the print of his finger, dipped in ink, opposite his name written by someone else. The genuineness of this print was testified by the seals of two well known Mahommedans, when the borrower was a Turk, or of two Christians, if he belonged to the Christian religion.

The financial year of these banks used to end in October. The closure of the annual accounts was preceded by a verification which took place in the presence of the sub-prefect and a member of the Provincial or of the District council, assisted by several prominent inhabitants of the district.

Every village was entitled to one third of the net profits derived from the capital which it had contributed. This profits were employed exclusively for charitable purposes and for objects of public utility, such as fountains, bridges, paving of streets, schools etc. The sums were spent under government supervision. The remaining

profits were distributed among the various villages in proportion to their contribution to the capital of the bank. In this way, the capital corresponding to each village remained the exclusive property of its inhabitants.

Such was the organisation of the Urban banks when, in 1877, the Russo-Turkish war was declared.

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Such were the origins and the organization of these Urban banks which, very primitive and incomplete at first, have served as foundation of the powerful institutions of credit which they were soon destined to become. If we were to stop and examine this first phase in their evolution, very little will have to be said as regards their economic activity. This was on a very limited scale and the services rendered to the community insignificant, owing to the rudimentary organization of the banks and to the smallness of the capital with which they disposed.

This period between the years 1863 and 1877 forms the most obscure, as its is the least useful, stage in the career of the Urban banks.

It will, however, be unjust to judge it too severely. For one thing, the notion then prevalent of the economical rôle of credit was extremely vague, while complete ignorance reigned as regards all that concerned the organization of these institutions of credit. Turkey of that period, just as to-day, was a country closed to

all Western ideas. She lived isolated from the rest of the world, with no civilisation and in self-sufficient ignorance. Commerce could hardly be said to exist in the interior of the country, the economical life being reduced to insignificant transactions between the rural population and the small industries represented by the various crafts which remind one of the conditions in Western Europe during the Middle Ages. The master, surrounded by his apprentices, worked in his little shop and sold to the public the produce of his labour. No such thing as international exchange existed, the Turks not yet suspecting its practical importance. They were persuaded that the best state of things for a country was to be self-sufficing, and to have no dealings with the rest of the world which worried them and was, therefore, to be avoided. The foreign world was, to their mind, the source of new ideas of which they cared to hear as little as possible.

If we further add that all sorts of usurers, Mahomedan and Christian, swarmed in the towns and oppressed without pity the rural population, we shall have a sufficiently faithful idea of the economical condition of the country towards the beginning of the second half of the 19th century, when the idea of starting the Urban banks was first mooted.

The Russo-Turkish war proved disastrous to the Urban banks. The defeated Turkish army, as it retreated, destroyed everything that lay in its way. The Bulgarian population was plundered, the cattle carried off and the houses burnt. As was to be expected, the Urban

banks, as financial establishments, had to suffer most, especially in those centres where their administration was in the hands of Turks. Nearly everywhere the cash was carried away, either by the authorities or by private persons, while the banks' books and bonds were destroyed. In a word, the very existence of the banks was jeopardized.

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After the signature of the Treaty of San-Stefano which raised Bulgaria to the rank of a free Principality, the provisional government took energetic measures for recovering the funds of the banks and ensuring their future career. This labour of restoration was based on the banks' archives, wherever the bonds had been destroyed.

In some places, a portion of the bonds were recovered; in others, the books and bonds had been appropriated by Turks who eventually returned them against rewards. Where no documents were found, special commissions, assisted by former functionaries of the banks, were appointed, going from village to village and inviting the inhabitants to declare their debts to the banks. In some districts the clients voluntarily acknowledged their liabilities, but in many cases the labours of the commissions proved fruitless.

The gradual reconstitution of the funds of the banks continued until 1880. It should be added here

that with the retreat of the Turkish troops the banks had stopped all business.

On June 20th 1878, the provisional Russian government issued new Statuts regulating the organization of these banks in Northern Bulgaria. According to the provisions of the new Statuts, the object of the Urban banks, which from that time until January 1st, 1904, were called Agricultural banks, remained as it had been determined in 1863 by their founder, Midhat Pasha, viz. to advance to the rural population loans on personal guarantee and mortgage, or secured by the pledging of objects of value.

No formalities being required for the conclusion of a loan secured by mortgage, considerable losses were occasioned to the banks by unscrupulous clients who did not hesitate to sell their mortgaged property.

The utmost limit of the terms for the repayment of these loans, whatever the security offered, was fixed at one year.

In virtue of the new Statuts, every bank whose capital exceeded 200.000 francs was to be administered by two cashiers. This practice continued until 1884, when the management of the banks was entrusted to a single cashier, who was at the same time the chief of the establishment.

The same statuts provided also that the cashiers of the banks should be elected by the farmers of the district, these latter voting through delegates. The agricultural voters elected a delegate for every fifty farms. The persons so chosen, after having been confirmed

by the Minister of Finance, used to meet in the chief town of the district, where they elected the cashiers by secret ballot. The first elections took place on November 2nd, 1883.

The cashiers were assisted by secretaries. The transactions of the banks remained the same as before. The rate of interest was fixed at 9 per cent. The repayment of the loans was spread over a period of two to three years.

As regards the net profits of the banks, two thirds went to the communes, while the remaining third was added to the capital of the banks.

As in the case with the urban banks created by Midhad Pasha, the agricultural banks were placed under the control of the Provincial councils and of their permanent committees. The immediate supervision was vested in the governors of the provinces who exercised it through the chiefs of the financial departments. The supreme control, as well as the general administration, belonged to the Minister of Finance.

What we have thus far said refers more especially to the agricultural banks of Northern Bulgaria. Those of Southern Bulgaria, or Eastern Roumelia, as that province was called before the union with the Principality, were regulated by a special law, promulgated by the autonomous government on February 22nd 1884. This law, as regards its principal provisions, is practically a reproduction of the statutes of June 28th 1878. It remained in force until February 28th 1886, when the agricultural banks of Southern

Bulgaria were placed under the same régime as those of Northern Bulgaria, viz. the statuts of June 28th, 1878. In these conditions, the agricultural banks throughout Bulgaria continued to transact business during the next eight years.

The defective organization of the agricultural banks and their inability to cope with the modern requirements of institutions of credit, as well as to satisfy the ever growing needs of the agricultural population, prompted more than once the Ministry of Finance, and later that of Commerce and Agriculture, to attempt to reorganize them. These successive efforts resulted in the law on the Agricultural Banks, of December 23^d 1895. With this law ends the second period in the career of these institutions. Reconstructed on lines more in conformity with the spirit of the times and likely to ensure their success, the agricultural Banks now entered in the third period of their existence, which is noteworthy for their remarkable development in all respects.

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The new principles introduced in the organization of the agricultural Banks did away with some of the defects of the former régime, and enabled them to start on a more successful economic activity.

The reforms effected by this law were numerous and may be summarized as follows:



THE GUICHETS.

A special section was created at the Ministry of Commerce and Agriculture to which the supreme management of the Agricultural Banks was entrusted, thus securing an uniform administrative control over them all.

Another innovation of the law of December 23^d, 1894, consisted in the combination of all the Agricultural Banks as regards the employment of their funds. This law authorized the Minister of Commerce to order the free funds of one bank to be advanced to those banks which happen to be in need of capital. The advantages resulting from such a policy are manifest. It often happens that some of the banks have funds far in excess of their current requirements, while others are not in a position to meet the demands of their clients. Under the former régime, a double loss was occasioned: to the banks which could not profitably invest their free capital, and to those banks which, requiring funds, did not know where to obtain them.

The reform in the internal organization of the Agricultural Banks constitutes a further merit of the new law. Before its promulgation, the management of every bank was vested in the cashier, who was elected by the qualified inhabitants of the district and used to administer the bank pretty much as he liked. In fact, he was nothing less than its absolute master. This was not, however, the principal evil. It often happened that the cashier lacked the most elementary knowledge of how a credit bank should be managed.

The law of December 23^d, 1894, to a certain extent, put an end to this state of things, by placing

at the side of the cashier, who continued to be an elective officer, a controller appointed by the government. Thus, the authority of the cashier ceased to be absolute, the management being henceforth vested in two persons: the controller and the cashier.

According to the provisions of the law of 1894, the funds of each agricultural bank, as well as the net profits, remained its own property. The banks keep an account of the funds corresponding to each village and town. These funds are increased by the capitalisation of the profits to which they are entitled. The agricultural banks may further augment their capital by means of loans, provided they are authorized by the Minister of Commerce and Agriculture. Such loans are contracted in the name of all the agricultural banks, held jointly and severally responsible, and are guaranteed by the State.

The agricultural banks may not lend their funds except to farmers. The loans which they advance to merchants, manufacturers and other persons are for the account of the Bulgarian National Bank.

All other transactions are strictly forbidden to the agricultural banks, which may not participate in any industrial or commercial undertakings.

With the permission and under the control of the Minister of Commerce and Agriculture, the agricultural banks may, if requested by farmers, buy abroad for the account of these latter agricultural implements and machines, the cost of which must be repaid by them in the course of one to two years.

The agricultural banks advance loans:

- a) On property not previously mortgaged;
- b) On State securities or other securities approved by the government;
- c) On the personal guarantee of two solvent persons, or of only one person, if the client and the guarantee are known by the bank to be solvent persons.

The loans when secured by one guarantee may not exceed 500 francs.

The agricultural banks open current accounts with the agricultural savings societies and discount the bills of their clients, under the responsibility of these societies.

Loans on short term are granted for periods varying from one month to fifteen months, and those on long term — from two years to twenty years. The loans of this latter description must always be secured by mortgage.

In case of urgency the banks may, with the permission of the Ministry of Commerce and Agriculture, discount their portfolio with the Bulgarian National Banks or with other banking institutions.

A special post of chief of the agricultural banks is created at the Ministry of Commerce and Agriculture. The person holding this post is entrusted with their administration. The management of each bank is vested in a controller and a cashier. An administrative council is attached to every agricultural bank, consisting of the controller, the cashier and nine elective members, of whom three are chosen by the district council, three

by the municipal council of the town where the offices of the bank are situated, and the remaining three by the mayors of the various communes forming part of the district. The mandate of the members lasts for three years. The members must belong to the agricultural classes, with the exception of two of the members elected by the district council and the municipal council.

The controllers of the agricultural banks are appointed and dismissed by the Minister of Commerce and Agriculture; the cashiers — by the Departmental Council, with the approval of the same Minister.

These are the most important provisions of the Law of December 23^d, 1894, which for the first time placed the agricultural banks in conditions favourable to their development and economical prosperity. The creation of a special department for the administration of the agricultural banks, the amalgamation of the banks as regards their funds and responsibilities, the addition to every bank of a controller, the introduction of the system of book-keeping by double entry, the powers granted to the banks to increase their resources by contracting loans, the duties placed on them to act as agents of the Bulgarian National Bank where this latter has no branches of its own, — all these are innovations that have greatly altered the character and the primitive organization of the agricultural banks, which hitherto seemed to exist for the exclusive benefit of the most influential members of the community. Henceforth, they become real banking establishments, accessible to the general public.



THE MEETING HALL.

For the purpose of enlarging the scope of their operations, the agricultural banks concluded abroad a loan of 30.000.000 francs at 5 per cent. interest, of which only $\frac{5}{6}$ have been issued.

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The agricultural banks continued under this new régime until 1897, when further reforms were introduced in their organization. This period in the career of the agricultural banks, although comparatively brief, has been remarkable for their rapid progress and the great development of their business, as will be seen from the following figures:

The capital of the banks at the end of 1894 amounted to 22.240.952 francs; at the end of 1897 it had reached the sum of 28.834.088 francs, or an increase of 6.500.000 francs during a period of three years.

The portfolio on December 31st,
1894, was francs 32.492.581

On December 31st, 1897, it had
reached francs 51.607.399

The loans advanced on mortgage
amounted on December 31st, 1894, to francs 1.459.706

On Dec. 31st, 1897, they were francs 10.331.042

The investments of orphans on
December 31st, 1894, amounted to . francs 4.699.253

On December 31st, 1897, they
had reached the sum of francs 5.405.645

The deposit at fixed terms
 were on December 31st, 1894, . . . francs 1.721.516
 On December 31st, 1897, they
 were francs 7.884.298

The deposits payable at sight
 were on December 31st, 1894, . . francs 996.154
 On December 31st, 1897 they
 amounted to francs 1.832.374

The business transacted during the year 1894 amounted to . . francs 129.597.668

During the year 1897 it reached the sum of francs 396.374.011

The net profits of the agricultural banks during the year 1894
 amounted to francs 941.512

The net profits for the year 1897 reached the sum of francs 2.258.787

During the year 1894 the agricultural banks transacted no business for the account of the Bulgarian National Bank, whereas during the year 1897 the affairs of this description attained the sum of 20.871.327 francs.

The modifications introduced during 1897 in the law of December 23^d, 1897, are as follows:

The agricultural banks were authorized to advance loans to persons who are not farmers, on the condition that the sums so lent should be taken from the investments of orphans and the deposits of private persons. This innovation has enabled the banks to invest their funds when these were not required by the

farmers, by advancing loans to merchants, manufacturers, civil servants and others.

The cashing of foreign bills, bonds and other securities has been added to the operations which the banks were previously allowed to transact.

The banks were also allowed to act as brokers for the account of other credit, commercial or industrial institutions, as well as of private clients, provided the operations of this kind were secured by material guarantee and the capital of the banks incurred no liabilities.

Two further innovations of far-reaching importance consisted in the creation of a special and independent section entrusted with the administration of the banks, and in the suppression of the elective cashiers.

The section entrusted with the administration of the agricultural banks forms part of the Ministry of Commerce and Agriculture. At the head of this section there is an official appointed by Royal decree, on the presentation of the Minister of Commerce and Agriculture. He is assisted by two councillors who are also appointed by the Prince, on advice of the same Minister. These three officials may not be dismissed without the decision of the National Assembly. They form between themselves the administrative council attached to the Central administration of the agricultural banks.

The suppression of the principle of elective cashiers completed the beneficent reform consisting in the creation of an independent Central administration of

the agricultural banks. Henceforth the cashier becomes an official responsible to this administration which appoints and dismisses him. Owing to this amendment of the law of 1897, the central governing body has been able to recruit a capable staff for the various delicate functions which compose the activity of banking institutions. A preparatory course has been started at the Central office of the banks with the object of training future controllers and cashiers. This course includes all that is indispensable for the successful management of a modern bank. The candidates are appointed as officials after having passed a successful examination. As a result of this selection, at the head of nearly all the banks will be found to-day controllers and cashiers thoroughly prepared for their important duties.

In a word, the law of 1897 has filled up the gaps which formerly existed in the organization of the banks and has definitely placed them on modern foundations.

In virtue of art. 39 of the Statutes, the farmers desiring to contract a loan who do not reside in the commune of the bank must present their petition to the mayor of the commune, in the presence of two guarantees and of the municipal secretary, specifying at the same time the amount of the loan and the term of the repayment. The mayor and the secretary enquire into the solvency of the petitioner and his guarantees before they pronounce in favour of the request or against it. If they form a favourable opinion, a bill is prepared and signed in their presence by the guarantees and the

borrower and handed to this latter, together with a certificate. In this certificate the mayor specifies the amount which may be advanced to the borrower, as well as the dimensions and value of the realty figuring in the communal registers under the names of the borrower and his guarantees. The certificate further mentions whether the property is absolute or joint property, and also the number of cattle: oxen, horses pigs etc., if there are any. The certificate must in addition contain not only the principal occupation of the farmer borrowing, but also his secondary occupations, such as publican, grocer, cattle breeder etc.

It sometimes happened that certain mayors and secretaries, for reasons easy to understand, abused with the right which the law gave them to determine the solvency of the borrowers. The law has provided a remedy against any such abuses by enabling the prospective borrower to apply directly to the bank. But all this very often means loss of time and money, and does not always compensate for the injustice inflicted by the caprice of unscrupulous mayors.

With the object of preventing similar abuses, special agencies have been established since 1901 in the more important centres, at the head of which are placed officials belonging to the staff of the respective banks. These agents personally enquire into the position of the clients and communicate this information to their bank. They may allow credit on a small scale, as well as prolong the term of repayment. In this way, the agencies, while they afford a remedy against the for-

mer evil, are at the same time of considerable assistance to farmers in need of credit. There are at present a sufficient number of these agencies which serve as intermediaries between the banks and their clients.

Notwithstanding all the disadvantages with which they had to cope, the agricultural banks of Bulgaria have always proved equal to their task and have been able to render appreciable services to the country. We can easily imagine the distress which would have attended inundations, drought, frost, hail etc. when the crops are ruined and the only resources of the farmers compromised, had it not been for the timely intervention of these institutions. Such crises occur pretty frequently and it has always been the agricultural banks which have helped the stricken inhabitants and enabled them to tide over their trials, while waiting for the new crops. The small landed properties form the foundation of the Bulgarian State and these would more than once have been undermined, but for the powerful assistance of the agricultural banks. Among their many services, we may mention here that they have imported 600.000 kilos. of sulphate of copper and 10.000 pluvrisors for vines attacked by the mildew, distributing them at cost price among the vine-growers. It is through them that the farmers have acquired at cost price their various agricultural implements and machines. In a word, the agricultural banks have never failed to intervene when they could be useful to agriculture, and it is precisely this side of their activity which constitutes their most distinctive trait as

institutions *sui generis*. The agricultural banks have worthily played the principal part in the economical evolution of the country, and we are convinced that when the history of the economical development of the Principality is written and their contribution to it better understood, full justice will be done to them.

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The Bulgarian agricultural banks, as reorganized by the law of December 23^d, 1894, which in its turn was amended by the law of 1897, continued to be known until December 31st 1903 under the name of agricultural banks. At the beginning of 1904 a new law was passed which amalgamated the various agricultural banks in one bank, under the name of the Agricultural Bank of Bulgaria. The idea of combining the existing agricultural banks in one institution had been already suggested some years previously. The old Central administration which was at the head of the banks did not completely answer its purpose, for the reason that although it administered some 85 credit banks, it was not in itself a banking institution. It was merely a department entrusted with the administrative management of the banks. This anomaly was abolished by the law of December 31st, 1903.

Briefly stated, the principal provisions of this law are as follows:

A credit bank is created under the name of Agricultural Bank of Bulgaria, with its central seat in the capital of Bulgaria. This Bank has branches in all the localities where formerly there used to be agricultural banks.

The capital of the Agricultural Bank of Bulgaria was fixed at 35 million francs and was constituted from the capital of the various agricultural banks which were in operation at the time of the promulgation of the law.

The net profits of the Bank are to be distributed in the following way: 12 per cent. are reserved for the formation of a special fund destined to cover eventual losses; 25 per cent. are laid aside for the formation of a reserve fund; 35 per cent. are added to the capital of the Bank; 3 per cent. are distributed among the staff of the Bank, while the remaining 25 per cent. are destined for encouraging agriculture and its various branches. At the beginning of every year the Bank places at the disposal of the Ministry of Commerce and Agriculture 25 per cent. of the net profits from the previous year which are reserved for encouraging the agriculture of the country.

The capital of the Bank, as well as its reserve fund, remain the property of the towns and villages which had contributed to the formation of the capital of the existing agricultural banks, in proportion to the quota of each town and village on December 31st, 1903.

The Bank may, with the authorization of the National Assembly, contract loans by issuing bonds guaranteed by the State.

The object of the Bank is to assist with its resources the agricultural population of the country. It may advance loans to persons who do not belong to the agricultural classes on condition that it does not invest in such loans more than a certain proportion of its deposit funds.

The administration of the Bank and of its branches and agencies is vested in a governor who is assisted by four administrators.

The governor and the administrators are appointed by the Prince, on the advice of the Minister of Commerce and Agriculture, and may not be dismissed without the preliminary consent of the National Assembly.

The governor and the administrators form the administrative council of the Bank.

The administration of each branch is entrusted to a manager who has as advisers the cashier, the accountant and the legal council of the branch house.

The agencies are managed by special agents.

Such are the most important provisions of the new law concerning the organization of the Agricultural Bank of Bulgaria. An analysis of the act will show that the object of the Agricultural Bank of Bulgaria remains the same as that of the old agricultural banks. The fundamental principle according to which the resources of this banking institution should be employed mainly for assisting the agricultural population of the country remains as before, and continues to form the basis on which the newly organized Bank rests.

It should be added, however, that certain innovations have been introduced, especially as regards the business which the Bank may transact. These innovations have been the result of the development of the operations of the former agricultural banks, as well as of the increase of their financial resources. The Bank may henceforth advance loans to the State, the Communes and the Departmental councils.

Another innovation consists in the introduction of the agricultural warrants. In the future the farmers will be able to borrow money on the agricultural or industrial produce of their business. In a country like Bulgaria, where every farmer is also owner of the land which he cultivates, the agricultural warrants have been a happy device in the evolution of agricultural credit. By means of these warrants every farmer may avail himself of the resources of the Bank without having recourse to the intervention of a guarantee, as used to be the case with personal credit. In this way, while making the capital of the bank more accessible to the farmers, the introduction of the agricultural warrants has had the additional advantage of preserving the Bank against possible loss which inevitably followed from loans advanced on personal guarantee. As a matter of fact, the system of agricultural warrants has greatly reduced the former practice of personal credit.

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In endeavouring to define the legal nature of this credit Bank, we are faced by an initial problem which is not susceptible of easy solution. Under what heading shall we class the Agricultural Bank of Bulgaria, given its peculiar organization which differs from that of any similar institution? As regards its object, the Bank resembles most of the associations or companies formed for the purpose of aiding their own members or outside persons, such as friendly societies and more particularly the credit associations belonging to the Raiffeisen type. But if the object is the same, the other principles have nothing in common. Thus, in the case of the Bulgarian Agricultural Bank the principle of an outlay (*mise de fonds*) is absent, as are also all shares such as exist in most of the credit associations. Neither do we find any trace of the principle of unlimited liability which forms the essence of the Raiffeisen loan banks. On the other hand, there are elements entering in the organization of ordinary credit associations which are common to the Bulgarian Agricultural Bank. For instance, this latter reposes on the voluntary cooperation of the parties interested, viz. the Bulgarian agriculturalists, the object of the bond uniting them being mutual assistance in matters of credit. There are also present the original contributions by means of which was constituted the Bank's capital, now amounting to nearly 40 million francs. These contributions, however,

are not taken into account, as the contributors lost all control over them no sooner had they made them. The principle of unlimited liability is also present in a mitigated form, but it is the Bank, as a corporate body, which is held answerable for the debts with its entire capital, and not the constituent members or those who contributed to the formation of the original capital.

We are, therefore, right in saying that the Bulgarian Agricultural Bank forms a type apart, resembling similar institutions in some respects, but differing from them even more widely in others. We know of no other such example among the existing credit institutions. With most of these, the original outlay (*mise de fonds*), as a rule, remains the property of those who have contributed it, whatever the conditions requisite for withdrawing it. This is not true as regards the Bulgarian Agricultural Bank whose constituent members may not claim back their original outlay. These contributions are not supposed to have been made by private individuals or administrative units, but by the whole community which is considered as the owner of the capital of the Bank. This is no more than a legal fiction, but it has been mainly owing to this fiction that the former agricultural banks have succeeded in weathering all the crises and political disturbances undamaged and lived to see better days when, amalgamated in one bank, they have continued their beneficent public work.



ONE OF THE MURAL PAINTINGS IN THE MEETINGS' HALL.

In other credit institutions the private individuals forming them are the real owners of the capital, whereas the capital of the Bulgarian Agricultural Bank belongs to the entire community. It was perhaps because the greatest proportion of the original outlay consisted in kind and came from the collective labour of the agricultural community that these contributions to the capital of the agricultural banks were not taken into account, while the individual contributors were deprived of the right of withdrawing them.

In virtue of the law of December 23^d, 1893, the capital of each agricultural bank, as well as the net profits, remained its own property. This same principle, slightly modified, has also been adopted by the law which regulates the Bulgarian Agricultural Bank. Art. 4 of this law explicitly provides that the capital and the reserve fund of the Bank remain the property of the Urban and Rural communes which have contributed towards the constitution of the capital of the former banks, in proportion to their quota as determined on Dec. 31st, 1903. The Bank keeps an account of the quota of each town and village, adding annually the corresponding net profits. The capital of the Bank, therefore, belongs to the whole nation as represented by the various corporate bodies — towns and villages — whose members had contributed to the formation of the original capital at the time of the creation of the banks in 1863. But these collective owners are such in name only, having no more right than the private individuals to withdraw their share in the capital of the Bank.

All these peculiarities in the organization of the Bulgarian Agricultural Bank make it practically impossible to range that institution in any of the groups of credit associations known to the economic science of the present day. We can only define it as «an association without individual members, constituted by personal contributions whose owners are not known and are left out of account, the capital nominally belonging to certain bodies corporate, but the real owner being the entire nation».

This sketch of the Bulgarian Agricultural Bank would be incomplete if we were not to say a few words of the co-operative movement in Bulgaria during the last few years which is represented at present by some 250 co-operative societies for agricultural credit.

The first attempt at organizing co-operative societies in Bulgaria dates from 1896, the initiative coming from private quarters. A certain number of officials of the agricultural banks, agricultural inspectors, priests and schoolmasters, who were in daily touch with the rural population and could study on the spot its needs, as well as the most appropriate methods for satisfying them, undertook the noble, if difficult, task of propagating among the country inhabitants the idea of co-operation. The principal object of the co-operative societies was to be to combat usury which, notwithstanding repeated efforts at suppressing it, continued to drain the agricultural classes. The evil had to be fought on the spot, and it was thought that the best

way of attaining the end in view consisted in the establishment of rural loan banks.

From the very first, the Central Administration of the former agricultural banks placed itself at the head of the movement, encouraging the pioneers and seconding their efforts. It was the first to appreciate the economical importance attaching to a vast system of co-operative associations and did not hesitate to place at their disposal all its resources. The staff of the agricultural banks were invited to acquaint themselves with the principles of co-operation, to organize lectures and to propagate in every possible way the idea of co-operation among the rural population. The Central Administration of the banks saw in them its natural agents and invaluable allies for spreading the principle of agricultural credit (*crédit agricole*), the rural agencies serving as connecting link between the agricultural banks and Bulgarian agriculture.

In its turn, the Bulgarian Agricultural Bank took up the work of the former Central Administration and continued to guide the societies, giving them credit by opening with them current accounts and preparing the ground for their further development. In a word, the Bank does all within its power to ensure the success of the principle of co-operation whose usefulness the farmers have already begun to appreciate. At the present hour, the attention of the Bank is chiefly occupied with training of skillful administrators for these societies. For this purpose it periodically organizes for the benefit of priests and schoolmasters special courses of lec-

tures in order to familiarize them with all that is indispensable to the organization and proper management of the societies. At the professional meetings of the schoolmasters which are held at fixed periods, the Bank delegates special lecturers whose mission it is to expound the principles of co-operation. Furthermore, a special department has been created at the central offices of the Bank which supplies the societies with all the information which they may require. This bureau is also entrusted with inspecting, advising and helping the societies to fulfil their mission.

Although the idea of co-operation found from the very first some adherents among the farmers, the multiplication of the co-operative credit societies has proved a slow process. The Bulgarian co-operative societies reposing on the principle of unlimited liability, the partisans of the movement themselves hesitated with such a prospect facing them. But hard efforts and unrelenting activity have succeeded in overcoming the unjustified fears of the farmers, and the last two years have been remarkable for the rapid development of the co-operative societies.

There are at present 254 co-operative credit societies, with a membership of 14,382 persons.

On December 31st 1906 the credit of the various co-operative societies with the branches of the Bank reached the sum of frcs. 3.000.000

At the same date, the portfolio of the societies contained securities to the amount of frcs. 2.900.000

The deposits at fixed terms reached the sum of frcs. 500,000

The members' subscriptions rose to frcs. 170,000

It will be seen from what we have said as regards the organization of the co-operative credit societies in Bulgaria, that the movement is as yet in its infancy. Evidence, however, is not lacking to show the determination with which the work is being prosecuted and the efforts made to ensure its success. We are convinced that before many years have elapsed, the adherents of the co-operative movement will greatly multiply and give fresh impetus to the co-operative associations. By the combined action of the Bulgarian Agricultural Bank and its natural allies, the co-operative societies, the resources of credit will become more easily accessible to the masses of the agricultural population and will thereby contribute to the development and the prosperity of the productive forces of agriculture in Bulgaria.

*

* *

This sketch of the Bulgarian Agricultural Bank, however incomplete, shows not only the peculiar traits of agricultural credit (credit agricole) itself, but also its initial organization and more especially the way in which its resources were secured. A nation groaning under the triple tyranny of its political masters the Turks, the Greek clergy and the Bulgarian usurers,

these latter acting in common with the first two, looked in an hour of darkness for a remedy for the evils with which it was afflicted. Among the rulers of the land, all ignorant and corrupt, one cultured man was found whose foresight detected that the Turkish Empire was going headlong into the abyss. This man wished to prevent the coming catastrophe by altering the foundation on which the State edifice had hitherto reposed. With this object in view, he elaborated a scheme of Constitution which he submitted to the Sultan's approval. In this Constitution, among the various other reforms, Midhat Pasha advocated the creation in the vilayet of the Danube of credit institution to which he gave the name of Rural banks and whose object was to aid with their resources the agricultural population of the country. This, by the way, was the only part of the proposed Constitution of Midhat Pasha which was destined to become an accomplished fact.

In order to understand the reasons which determined Midhat Pasha to undertake this highly useful piece of work, it is of first importance to bear in mind the economical and political condition of the Turkish Empire at that time. As we have already had more than one occasion to dwell on this point, a few brief words will suffice here.

First of all, Midhat Pasha was a man of remarkable parts. He had received his education in Western Europe and was well acquainted with the disturbances in the political and economical life there which had taken place under the influence of new ideas. He stu-

died and followed closely the needs of the population in his vilayet. The inhabitants could no longer bear with the abuses of all sorts of Turkish and Bulgarian usurers and were quite incapable of paying the State taxes: so much had they been impoverished in the clutches of usury. Midhat Pasha had the great merit of realising this deplorable state of things, and to attempt, within the limits of the possible, to find a remedy against the evil. He attempted, under a different form, what had already been done before him. The foundation of the Bulgarian rural banks synchronizes with the starting of similar institutions of agricultural credit in Germany, which is in itself a sufficient proof that the government of the Danubian province was quite aware of the methods employed in Western Europe to combat usury. We are, however, convinced that the work undertaken by Midhad Pasha would not have succeeded, had he not found the community already ripe for such an experiment.

We further believe that, besides these purely economical considerations, there were also political reasons which prompted Midhat Pasha to advocate in 1863 the creation in his vilayet of agricultural banks. At that period the Bulgarian element had already begun to rise against its oppressors. Revolutionary bands were being formed which retired in the mountain fasts to carry the struggle against the Turks. This was undoubtedly the most perturbed epoch since the subjugation of Bulgaria. No month passed but some encounter between the Imperial troops and the Bulgarian bands

had taken place. In fact, it was nothing less than the commencement of the coming revolution. At this political juncture it was only natural for the authorities to try find same way of keeping the half-revolted population quiet. The proposition of the Governor-General of the Danubian province had every appearance of being a timely measure. It cannot be denied that even though the plan of Midhat Pasha may have had its inception in political considerations, it nonetheless answered a crying need of the Bulgarian rural population. For once, the political interests of the rulers seemed to be identical with the economical interests of the oppressed rayas, and to this coincidence was due the creation of a useful social mechanism.

Agricultural credit which was thus organized in Bulgaria in 1865 did not escape the fatal after effects of the war of 1877. We have explained elsewhere the influence which the war had on the capital of the Agricultural banks of that time. Their resources had been compromised to such an extent that they had practically to be reconstituted from anew. Then, no sooner had these banks been organized than they had to undergo a second and a third reform, so much so that their history since their creation may be said to have consisted of an endless series of reforms. The explanation of this is that these institutions of credit, as living social organisms, have been undergoing a constant evolution while endeavouring, in the face of all kinds of obstacles which often impeded their development, to attain to a higher and more perfect form.

Insignificant in its origins, first known under the name of Rural banks and then under that of Agricultural banks, the Agricultural Bank of Bulgaria appears to-day as a vast organization covering with its ramifications the whole country, having eighty five branches and seventy five agencies, supporting more than two hundred and fifty co-operative credit societies and rendering the country inestimable services.



APPENDIX

LAW

OF

THE AGRICULTURAL BANK OF BULGARIA.

ARTICLE 1

A credit bank, with its head offices in the capital of the Principality, is created under the name of **«Agricultural Bank of Bulgaria»**. The Bank has branches in the chief towns of departments and districts where there are at present agricultural banks.

The Administration of the Bank may establish branches and agencies in the important rural centres where the need of such should be felt.

ARTICLE 2

The original capital of the Agricultural Bank of Bulgaria is fixed at 35.00.000 francs and is constituted with the capital of the existing agricultural banks.

ARTICLE 3

From the net profits of the Agricultural Bank of Bulgaria will be annually retained: 25 per cent. for the constitution of a reserve fund destined to cover

the bad debts of the Bank. If this fund should prove insufficient to cover the losses, the deficit will be at the charge of the reserve capital. If the reserve capital itself should be insufficient, the balance of losses will be at the charge of the foundation capital.

ARTICLE 4

The original capital and the reserve capital of the Agricultural Bank of Bulgaria are the property of the Urban and Rural communes which have contributed to the capital of the existing agricultural banks, in proportion to the quota which shall be determined as belonging to each town or village on December 31st, 1903.

ARTICLE 5

The Agricultural Bank of Bulgaria deals in the following transactions:

- a) Receives money on deposit for fixed terms, allowing interest;
- b) Receives judiciary deposits;
- c) Receives orphans' trust in current accounts bearing interest.
- d) Receives on current deposit account funds belonging to public institutions and private individuals;
- e) Advances loans secured by land mortgage;
- f) Lends money on pawned cattle, standing crops, agricultural implements, raw and manufactured agricultural produce deposited in hired stores, special warehouses, or left with the borrower;
- g) Advances to farmers loans for buying cattle,

seed and agricultural implements which are considered as pawned with the Bank from the day of their acquisition. As soon as the loan is concluded, the Bank ex-officio informs the respective municipality of the goods so pawned in order that they may be entered in the communal registers.

Remark. In the case of loans granted in accordance with §§ f and g and secured by goods left with the borrower, the Bank, if it deems it necessary, may also require the guarantee of two solvent persons.

h) Advances to farmers loans secured by three signatures: those of the borrower and of two guarantees, up to the sum of 1.000 francs at the maximum. These loans may go up to 5.000 francs if advanced to merchants and manufacturers who are also engaged in agricultural pursuits;

i) Advances loans on the deposit of securities or bonds issued or guaranteed by the State, as well as of certificates of deposits for fixed terms issued by the Bulgarian National Bank;

j) Advances loans on bills of lading, more especially those relating to agricultural products exported abroad;

k) Lends money on commercial bills against exported agricultural products and payable abroad;

l) Opens current account credit to agricultural and co-operative societies with joint limited or unlimited liability of their members;

m) Opens current credit account secured by land mortgage or pawning of securities (§ i of art. 5), merchandise and agricultural products, not liable to deterioration and deposited in docks or other warehouses;

n) Advances money to the State in the shape of current accounts bearing interest;

o) Participates in the issuing of State loans;

p) Advances loans, secured by good guarantee, to Communes and Departements for requirements connected with the improvement of agriculture;

q) Buys at the request of farmers and for their account machines, agricultural implements, cattle and seed;

r) Collects the value of redeemed securities, coupons become due, and home and foreign bills;

s) Remits money in the interior of the Principality or abroad;

t) Deals in change; buys and sells for its own requirements cheques, bills of exchange, securities and bonds issued or guaranteed by the State, as well as precious metals in bullion or in specie;

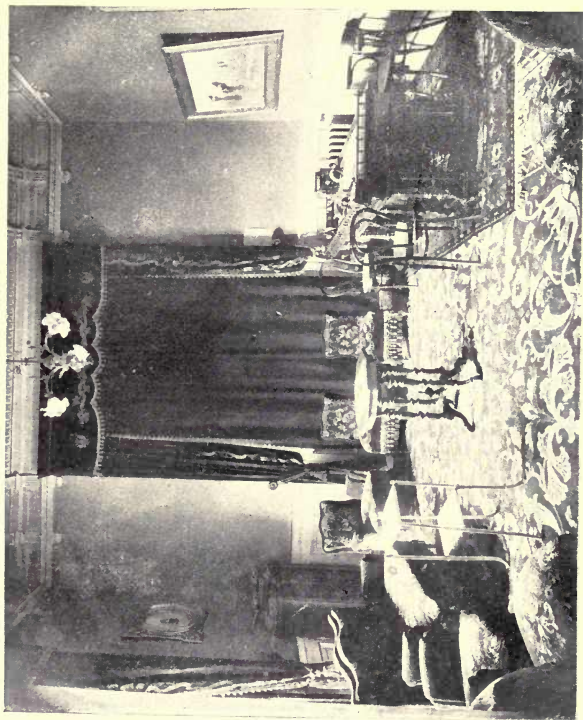
u) Buys and sells securities for the account of private individuals;

v) Undertakes to keep securities, precious articles and other objects;

w) Insures with the insurances companies the objects pawned with the Bank, if they have not been insured by their owners;

x) Keeps in its vaults the State receipts and effects the State payments within the limits of receipts paid in;

y) Advances sums to the State and to the Departmental and Communal councils for requirements connected with the improvement of agricultural and its branches, takes part in the creation and financing



GOVERNOR'S OFFICE.

of commercial and banking establishments having for object the development of the exportation of Bulgarian products;

z) Finances and undertakes public works having for object the improvement of agriculture and its branches, provided the income from such works or the amount of annual subsidies allocated by the Departmental councils are sufficient to ensure the regular amortization and the interest on the capital invested in the enterprise.

Remark. This last transaction may not be done except at the initiative of the Ministry of Commerce and Agriculture, after taking the advice of the Administrative council of the Agricultural Bank of Bulgaria and with the authorization of the Council of Ministers.

ARTICLE 6

The Agricultural Bank of Bulgaria transacts business, on commission, for the Bulgarian National Bank in those places where the latter has no branches of its own. It does the same thing for the account of other credit establishments or State institutions, after preliminary arrangement of the terms.

ARTICLE 7

The Agricultural Bank of Bulgaria may, for the purpose of increasing its resources, discount its portfolio and warrants or pledge its own securities with other banks, preference being given to the Bulgarian National Bank.

It may, with the permission of the National Assembly, contract loans by issuing bonds guaranteed by the State.

ARTICLE 8

The Agricultural Bank of Bulgaria is prohibited from performing any other transactions than those enumerated in the above articles.

It may only acquire such landed property as is necessary for its premises.

Nevertheless, the Agricultural Bank of Bulgaria is allowed to facilitate the building or to build premises useful to the development of the various branches of agriculture.

ARTICLE 9

The principal object of the Agricultural Bank of Bulgaria is to assist the agricultural population by means of advancing loans.

It may, however, advance loans to persons who are not farmers, on condition that it does not invest more than a part of its deposits.

ARTICLE 10

The loans advanced by the Agricultural Bank of Bulgaria are repayable:

a) Those secured by land mortgage and those granted to the Communes and to the Departmental councils, within a period of two to thirty years;

b) Those secured by the pawning of cattle, standing crops, farming implements and agricultural produce — within a period of one month to twelve months;

c) Those guaranteed by the deposit of securities and bills of exchange — within a period of one month to nine months.

ARTICLE 11

The loans secured by landed property may not be granted except on first mortgage. The amount of the loans should not exceed one half of the estimated value of the property pledged.

The amount of loans secured by cattle, standing crops, farming instruments and agricultural produce should not exceed 60 per cent. of the estimated value of the objects pledged.

The loans secured by the pledging of securities may not exceed 80 per cent. of their price as quoted on the Stock-Exchange, and 90 per cent. of the nominal amount of deposits at fixed terms.

ARTICLE 12

The total amount of loans advanced to one person may not exceed 2000 francs in the case of loans on short date, and 10,000 francs when the loans are secured by land mortgage.

With the decision of the Administrative Council, these loans may be raised to 20,000 francs and 100,000 francs respectively. The loans secured by the pledging of agricultural produce deposited in docks or other warehouses may be raised to 100,000 francs, with the permission of the Administrative Council; while in the cases enumerated in §§ *e, i, j, k, and l* of article 5, the loans advanced may, with the permission of the Administrative Council, confirmed by the Minister of Commerce and Agriculture, exceed even the sum of 100,000 francs.

*

ARTICLE 13

The Administrative Council of the Agricultural Bank of Bulgaria fixes, with the approval of the Minister of Commerce and Agriculture, the rate of interest to be paid on deposits, as well as the rate of commission and the rate of interest on the loans advanced. This tariff must be published in the Official Journal.

ARTICLE 14

The Agricultural Bank of Bulgaria need not protest the loans fallen due in order to secure the running of interest.

ARTICLE 15

The loans which are not settled when due, either by payment or by the prolongation of the term, are charged, as fine, during the first month after maturity an additional interest of 1 per cent. Beginning from the second month the supplementary interest is raised to 2 per cent.

ARTICLE 16

The recovery of the short-dated debts of the Agricultural Bank of Bulgaria, as well as of the debts secured by land mortgage, may be obtained by means of distraint, according to article 818, § 7 of the law of Civil procedure.

ARTICLE 17

If the personal or real property of a debtor is being sold at public auction, the Agricultural Bank of

Bulgaria may apply to the law court for a order of distrain against the debtor before the debt has fallen due. The law courts must grant the order of distrain in a period of three days.

ARTICLE 18

The bailiffs are bound to inform the Agricultural bank of Bulgaria, by means of announcement lists, of all the public sales of personal and real property.

ARTICLE 19

Sales, gifts, mortgages, pledging and, in general, the transfer of the right of property or the use of landed estates may not be effected unless the owner or holder produces, with the documents required by the law of notaries public and justices of peace for notarial deeds, also a certificate delivered by the respective branch of the Agricultural Bank of Bulgaria, authorizing the performance of the contemplated transaction. The branch house is bound to deliver this certificate if the debt is secured by other real property belonging to the debtor. These certificates are stamped with a 0.20 franc stamp.

The provisions of the above article also apply to the purchase and sale of landed property concluded under private seals.

All purchases and sales of landed property, whether they be public or under private seal, are considered as null and void as regards the respective branches of

the Agricultural Bank of Bulgaria, if they have been concluded without their consent.

The notaries public may not legalize deeds under private seals and deeds of surety if such certificate is not produced. They must mention in the deeds the date and number of the certificate.

ARTICLE 20

The cattle, standing crops, agricultural produce and farming implements (§ f of art. 5) pledged as security for loans advanced by the Agricultural Bank of Bulgaria, may not be parted with, or pledged with a third party or judicially distrained before the sum due to the Agricultural Bank of Bulgaria, together with the interests and expenses, is fully paid.

Remark. The certificates for cattle pledged with the Agricultural Bank of Bulgaria are left with this latter,

ARTICLE 21

The pledge is considered as lawfully secured to the Agricultural Bank of Bulgaria from the date of the signature of the contract concluded between the Bank and the borrower.

ARTICLE 22

The privileges of the Bank as regards third parties become operative from the day of the inscription of the pledge by the Communal administration. If the pledge is given as security of a loan destined for purchasing cattle, seed, or farming implements, these privileges begin to run from the day of the purchase.

ARTICLE 23

The administration of every commune must keep a special register in which are entered the guaranteed loans advanced by the Agricultural Bank of Bulgaria. The entries must contain the name of the borrower, the amount of the loan, the term of repayment, the description of the object pledged and the place where it is found.

ARTICLE 24

The Communal authorities are bound, at the request of the borrower, to certify the existence of the objects which he proposes to pledge.

Those mayors or assistant mayors who should willfully certify the existence of fictitious pledges, or who, when the pledge is being constituted, should knowingly conceal the existence of a distraint or of some other rights on the objects pledged, or finally, who should deliver permits to sell or transfer objects pledged with the Bank, will be treated as accomplices of the borrower and will be punished with the fines specified in art. 25 of the present law.

After the inscription of the pledge, the objects pledged are left under the care of the Communal administration which may not allow their sale, change or replacing without the permission of the Bank.

ARTICLE 25

The debtor who, after concluding a loan, should alienate, divert or waste wholly or partly the objects pledged is liable to imprisonment up to two years.

The debtor who, at the time of the conclusion of the loan, willfully conceals the existence of a seizure or some other claim on the objects which he wants to pledge is punishable with imprisonment up to one year, independently of the civil indemnity to which the Bank shall be entitled.

The debtor who, being entrusted with the preservation and the upkeeping of the objects or cattle pledged, does not perform scrupulously his duty, loses the benefit of the term and the objects pledged are immediately to be sold in accordance with art. art. 16 and 17 of the present law.

ARTICLE 26

The Agricultural Bank of Bulgaria must without loss of time inform the respective communal authorities of the repayment of the loans secured by pledges in order that they may enter in the special register that the pledges are discharged.

ARTICLE 27

The Agricultural Bank of Bulgaria may cede the working of real estates which have been adjudged to it at the public sale consequent on the non-payment to their former owners or near relatives, with the faculty of repaying within a fixed period the amount due, provided they pay in advance the amount of three annuities (amortization and interests) or two solvent persons guarantee the regular payment of the annuities.

If before the expiration of three months and after a written warning by the bank has been sent to them, the former owners or their near relatives to not declare that they desire to take back the estates on these terms, the Bank may hire or sell them to other persons.

ARTICLE 28

The certificates and deeds delivered by the State or Communal institutions, as well as the other documents indispensable for the conclusion of a loan with the Agricultural Bank of Bulgaria are exempt from stamp duties and all other charges, taxes and fees.

ARTICLE 29

All the correspondence — postal (simple and registered), telegraphic or with declared value (registered letters, parcels, bags of money) emanating from the Bank or its branches and agencies, as well as that addressed to the Bank or its branches and agencies by the public departments and by the Bulgarian National Bank are exempted from all postal or telegraph charges.

The letters, documents, mandates etc. of the Agricultural Bank of Bulgaria and of its branches and agencies need not be legalized by notaries public.

ARTICLE 30

The net profits of the Agricultural Bank of Bulgaria are distributed as follows:

25 per cent. in favour of the various branches of agriculture;

12 per cent. to the fund destined to cover bad debts;

3 per cent. as remuneration of the officials and employees of the Bank;

25 per cent. to the reserve capital, and

25 per cent. for the increase of the original capital.

Remark: The 25 per cent. reserved for the various branches of agriculture are placed at the disposal of the Ministry of Commerce and Agriculture at the beginning of every year from the profits of the previous year.

ARTICLE 31

The administration of the Agricultural Bank of Bulgaria and of its branches and agencies is entrusted to the governor of the Bank, with four administrators as his councillors.

The governor and the administrators are appointed by Royal decree on the advice of the Minister of Commerce and Agriculture. They may not be dismissed except with the preliminary decision of the National Assembly.

The governor and the administrators constitute the Administrative Council of the Bank.

ARTICLE 32

The administration of each branch is entrusted to a manager who has as advisers the cashier, the accountants and the legal council, where there is any such.

The agencies are administered by agents.

ARTICLE 33

The Agricultural Bank of Bulgaria, in its relations with the various public authorities of the country, is represented by its governor; the branches of the Bank — by their managers, and the agencies — by the agents. These persons may be replaced by other officials of the Bank and of the branches and agencies, provided due notice in writing has been given to the respective authorities. These written communications are exempted from stamp duties.

ARTICLE 34

The control over the branches and agencies is vested in special inspectors who are placed under the orders of the governor.

ARTICLE 35

The appointment and the dismissal of the inspectors and the managers of the branches take place in virtue of Royal decrees rendered on the report of the Minister of Commerce and Agriculture and on the proposition of the Administrative Council of the Bank.

All the other officials and employés of the Central Administration of the Agricultural Bank of Bulgaria and of its branches and agencies are appointed and dismissed by decrees of the Minister of Commerce and Agriculture, on the advice of the Administrative Council of the Bank.

ARTICLE 36

The salaries of the staff of the Central Administration of the Agricultural Bank of Bulgaria and of

its branches and agencies are fixed by a special arrangement. Until this is prepared the salaries will be fixed by the annual budget.

The number of officials and employees and the material expenditure of the Bank will be provided for in the annual budget and will vary according to the increase or the diminution of its business. The budget is prepared by the Administration Council of the Bank and approved by the Minister of Commerce and Agriculture.

ARTICLE 37

The managers, cashiers, accountants of the branches of the Agricultural Bank of Bulgaria and the agents must deposit a security for their management, the amount of the security being fixed by the Statutes.

ARTICLE 38

The officials of the Agricultural Bank of Bulgaria must possess the qualification for admission which shall be stipulated by the Statutes. They are considered as State functionaries and enjoy the privileges of the pension law.

ARTICLE 39

Attached to every branch of the Agricultural Bank of Bulgaria, there are commissions which fix the credit which should be allowed to applicants for loans and estimate the value of personal and real estates which are consigned to the Bank.

ARTICLE 40

The Minister of Commerce and Agriculture superintends and verifies all the acts of the Central Administration of the Agricultural Bank of Bulgaria and watches over the exact application of the Law and the Statutes, through the intermediary of two delegates, of whom one is a councillor of the High Court of Accounts and the other an official of the Ministry of Commerce and Agriculture.

The transactions of the branches and agencies may also be controlled by the inspectors of the Ministry of Finance.

ARTICLE 41

The Financial year of the Agricultural Bank of Bulgaria begins on January 1st and ends on December 31st of every year.

The Bank publishes every month in the Official Journal the monthly balance sheet of its transactions.

The Bank submits to the Minister of Commerce and Agriculture before March 1st a report accompanied by the balance sheet of its transactions during the past year.

The report and the balance sheet are sent to a commission consisting of delegates of the government (art. 40), a second councillor of the High Court of Accounts and an inspector of the Ministry of Finance which, after examining them, prepares a report for the Minister of Commerce and Agriculture.

The Minister must decide in a period of three months from the day on which the Bank has submitted to him the report and the balance sheet. If he approves the balance sheet the Administration is relieved from all responsibility as regards the transactions of the past period.

It is also relieved of all responsibility if the Minister has not decided on the report and the balance sheet within the above period.

ARTICLE 42

The Administration of the Agricultural Bank of Bulgaria will elaborate Statutes in accordance with the present law. They will be approved by the Minister of Commerce and Agriculture sanctioned by a Royal decree and published in the Official Journal.

ARTICLE 43

The Agricultural Bank of Bulgaria which is created by the present law assumes the assets and the liabilities of the agricultural banks.

The officials and employees now employed by the agricultural banks retain their corresponding places in the Agricultural Bank of Bulgaria.

ARTICLE 44

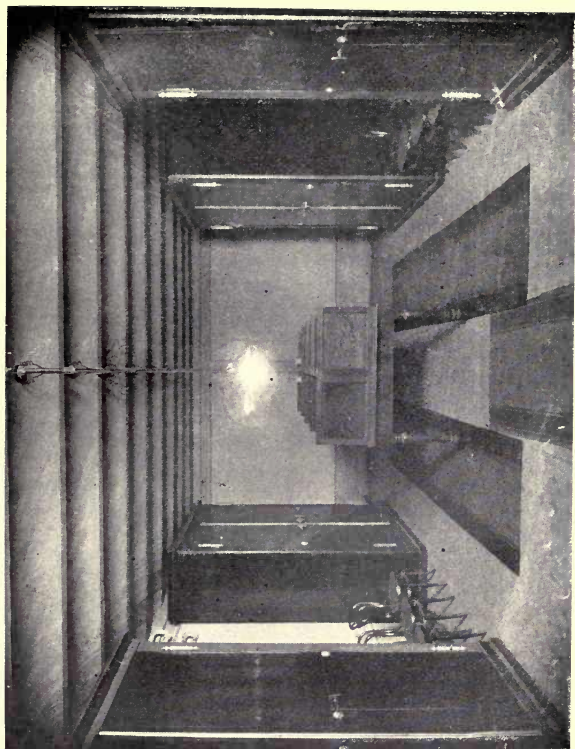
The present law abrogates the laws on the Agricultural banks of December 23^d, 1894, and February 23^d, 1897.

ARTICLE 45

The present law becomes operative from January 15^d, 1904.

STATE of the Accounts in the Ledger on December 31st 1906.

| Description of accounts | T o t a l | | | | B a l a n c e | | | |
|--|-------------|-----|-------------|-----|---------------|-----|--------|-----|
| | Debit | | Credit | | Debit | | Credit | |
| | | | | | | | | |
| | levs | st. | levs | st. | levs | st. | levs | st. |
| Cash | 376,667.613 | 86 | 366,990.981 | 45 | 9,676.632 | 41 | — | — |
| Personal loans (with guarantee) | 92,429.237 | 65 | 43,201.276 | 91 | 49,227.960 | 74 | — | — |
| Loans on agricultural products | 13,635.697 | 52 | 4,836.036 | 21 | 8,799.661 | 31 | — | — |
| Loans on agricultural works | 84.149 | 25 | 67.289 | 25 | 16.860 | — | — | — |
| Mortgage loans | 28,340.267 | 10 | 12,720.296 | 57 | 15,619.970 | 53 | — | — |
| Loans on securities | 4,512.352 | 80 | 3,097.168 | 05 | 1,415.184 | 75 | — | — |
| Special current accounts | 13,860.927 | — | 1,476.136 | — | 12,384.791 | — | — | — |
| Real estate of insolvent debtors | 3,491.755 | 67 | 1,441.755 | 58 | 2,050.000 | 09 | — | — |
| Debtors of loans on manor properties and farms | 827.782 | 30 | 26.260 | 99 | 801.521 | 31 | — | — |
| Inventory | 1,070.423 | 75 | 68.108 | 96 | 1,002.314 | 79 | — | — |
| Income stamps | 401.705 | 54 | 333.240 | 65 | 68.464 | 89 | — | — |
| Bills for collection | 39,983.808 | 13 | 39,032.684 | 10 | 951.124 | 03 | — | — |



THE STRONGROOM (TREASURY).

| | | | | | | | | |
|--|-------------|----|-------------|----|------------|----|------------|----|
| Deposits | 13,370.126 | 66 | 5,996.051 | 56 | 7,374.075 | 10 | — | — |
| Agencies | 14,431.002 | 11 | 14,341.657 | 56 | 89,344 | 55 | — | — |
| Home correspondents | 357,743.677 | 71 | 356,392.991 | 56 | 1,350.686 | 15 | — | — |
| Mortgage current accounts | 68,150.838 | 89 | 51,141.095 | 60 | 17,009.743 | 29 | — | — |
| Order Accounts (branches of the Bank) | 109,178.162 | 47 | 60,265.684 | 57 | 48,912.477 | 90 | — | — |
| State funds | 8,950.800 | — | 289.700 | — | 8,661.100 | — | — | — |
| Trustees | 14,671.000 | — | 284.500 | — | 14,386.500 | — | — | — |
| Purchase of cheques | 4,350.291 | 38 | 4,336.329 | 88 | 13,961 | 50 | — | — |
| Difference in the rate of the loan of 1896 | 3,098.625 | 30 | 31.700 | — | 3,066.925 | 30 | — | — |
| Bonds of the 5 per cent. loan of 1896 | 6,109.500 | — | — | — | 6,109.500 | — | — | — |
| Various | 2,431.189 | 01 | 1,046.824 | 53 | 1,384.364 | 48 | — | — |
| Capital | 41 | 90 | 37,968.276 | 75 | — | — | 37,968.234 | 84 |
| Reserve capital | — | — | 2,114.581 | 44 | — | — | 2,114.581 | 44 |
| Reserve fund | 270.740 | 85 | 6,398.286 | 79 | — | — | 6,127.545 | 94 |
| Agricultural Bank of Bulgaria | 66,427.197 | 75 | 115,370.748 | 08 | — | — | 48,943.550 | 33 |
| Current accounts of the Treasury | 119,815.311 | 78 | 124,398.683 | 51 | — | — | 4,583.371 | 73 |
| Current accounts with creditors | 23,646.408 | 92 | 31,858.939 | 26 | — | — | 8,212.530 | 34 |
| Deposits of the government, judiciary deposits and other | 9,034.522 | 56 | 13,658.072 | 95 | — | — | 4,623.550 | 39 |
| Deposits at terms | 12,091.874 | 38 | 34,742.344 | 07 | — | — | 22,650.469 | 69 |
| Orphans' deposits | 1,560.413 | 72 | 9,888.545 | 83 | — | — | 8,328.132 | 11 |
| National Bank of Bulgaria for manor properties and farms | 18,797 | 61 | 869.151 | 86 | — | — | 850.354 | 25 |
| Bills handed for collection | 38,512.933 | 56 | 39,418.610 | 09 | — | — | 905.676 | 53 |
| Depositors | 6,005.551 | 56 | 13,379.626 | 66 | — | — | 7,374.075 | 10 |
| Foreign correspondents | 549.046 | 03 | 558.920 | 90 | — | — | 9,874 | 87 |

| Description of accounts | Total amount | | | | Balance due | | | |
|---|----------------------|-----------|----------------------|-----------|--------------------|-----------|--------------------|-----------|
| | Debit | | Credit | | Debit | | Credit | |
| | | | | | | | | |
| | levs | st. | levs | st. | levs | st. | levs | st. |
| Transitory accounts | 156.192.603 | 16 | 168.613.851 | 08 | — | — | 12.421.247 | 92 |
| Securities on deposit | 284.500 | — | 14.671.000 | — | — | — | 14.386.500 | — |
| 5 per cent. loan of 1896 | 220.000 | — | 28.445.000 | — | — | — | 28.225.000 | — |
| Nominal profit on the State funds | 251.201 | 01 | 425.740 | 01 | — | — | 174.539 | — |
| Percentage of functionaries | 74.245 | 65 | 171.285 | 39 | — | — | 97.039 | 74 |
| Transfers | 258.592.943 | 20 | 259.048.582 | 56 | — | — | 455.639 | 36 |
| Interest brought forward for 1907 | — | — | 1.921.250 | 53 | — | — | 1.921.250 | 53 |
| General expenses | 2.657.894 | 67 | 2.657.894 | 67 | — | — | — | — |
| Interest and commission | 16.427.576 | 67 | 16.427.576 | 67 | — | — | — | — |
| Purchase and sale of securities | 9.688.517 | 92 | 9.688.517 | 92 | — | — | — | — |
| Various | 841.627 | 48 | 841.627 | 48 | — | — | — | — |
| Total . . . | 1,900,954,884 | 48 | 1,900,954,884 | 48 | 210,373,164 | 12 | 210,373,164 | 12 |

STATEMENT

of Loss and Profits on December 31st 1906.

DEBIT

CREDIT

| | | | |
|--|-------------------|-----------|---------------------------------|
| General expenses | 2,654.593 | 89 | |
| Amortization in the inventory | 54.643 | 91 | |
| Interest returned | 72.664 | 05 | |
| Interest paid on orphans' deposits | 388.722 | 12 | |
| Interest paid on term deposits | 1,351.081 | 43 | |
| Interest paid on current accounts | 65.743 | 47 | |
| Interest paid on the 5 per cent. loan 1896 | 1,123.465 | 60 | |
| Interest brought forward for 1897 | 1,920.679 | 43 | |
| Various | 5,561.324 | 95 | |
| Net profits | 3,234.657 | 82 | |
| Total . . . | 16,427.576 | 67 | |
| | | | Gross profits . . 16,427.576 67 |
| | | | Total . . 16,427.576 67 |

BALANCE

of the Agricultural Bank of Bul-

ASSETS

| | | |
|---|--------------------|-----------|
| Cash | 9,676.632 | 42 |
| Personal loans with guarantee | 49,227.960 | 74 |
| Loans on agricultural products | 8,799.661 | 31 |
| Loans on agricultural enterprises | 16.860 | — |
| Mortgage loans | 15,619.970 | 53 |
| Loans on securities | 1,415.184 | 75 |
| Special current account | 12,384.791 | — |
| Realty of insolvent debtors | 2,050.000 | 08 |
| Debtors of loans on manor properties and farms | 801.521 | 31 |
| Inventory | 1,002.314 | 79 |
| Income tax stamps | 68.464 | 89 |
| Bills for collection | 951.124 | 03 |
| Deposits | 7,374.075 | 10 |
| Agencies | 89.344 | 55 |
| Home correspondents | 1,350.686 | 15 |
| Mortgage current accounts | 17,009.743 | 29 |
| Accounts on order (branches of the Bank) | 48,912.477 | 90 |
| State funds | 8,661.100 | — |
| Trustees | 14,386.500 | — |
| Purchase of cheques | 13.961 | 50 |
| Difference in the rate of the loan of 1896 | 3,066.925 | 30 |
| Bonds of the 5% loan of 1896 | 6,109.500 | — |
| Various | 1,384.364 | 48 |
| Total . . . | 210,373.164 | 12 |

SHEET

garia, on the December 31st 1906.

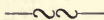
LIABILITIES

| | | |
|---|--------------------|-----------|
| Capital | 37.968.234 | 85 |
| Reserve capital | 2.114.581 | 44 |
| Reserve fund | 6.127.545 | 94 |
| Agricultural Bank of Bulgaria | 48.943.550 | 33 |
| Current account of the Treasury | 4.583.371 | 73 |
| Credit current accounts | 8.212.530 | 34 |
| Government deposits, judiciary deposits and other | 4.623.550 | 39 |
| Term deposits | 22.650.469 | 69 |
| Orphans' deposits | 8.328.132 | 11 |
| Bulgarian National Bank for manor pro- perties and farms | 850.354 | 25 |
| Bills handed for collection | 905.676 | 53 |
| Depositors | 7.374.075 | 10 |
| Foreign correspondents | 9.874 | 87 |
| Transitory accounts | 12.421.247 | 92 |
| Securities deposited | 14.386.500 | — |
| 5 per cent loan 1896 | 28.225.000 | — |
| Nominal profits of the State funds | 174.539 | — |
| Percentage of functionaries | 97.039 | 74 |
| Transfers | 455.639 | 36 |
| Interest and commissions 1907 | 1.921.250 | 53 |
| <hr/> | | |
| Total . . . | 210.373.164 | 12 |
| <hr/> | | |

AGRICULTURAL BANK OF BULGARIA

Foundation capital francs 40.000.000.

Central Seat: — Sofia.



Branches at:

| | | |
|-------------------|---------------|-----------------|
| Aïtos | Kavakly | Razgrad |
| Akkadanlar | Kazal-Agatsch | Roustschouk |
| Anhialo | Kasanlik | Samokov |
| Balbounar | Kémanlar | Sévliévo |
| Baltchik | Kotel | Sistov |
| Béla | Koula | Silistra |
| Béla-Slatina | Kourt-Bounar | Sliven |
| Bélogradschik | Kustendil | Sophia |
| Berkovitsa | Lom-palanka | Stanimaka |
| Borisovgrad | Lovetsch | Stara-Zagora |
| Bossilograd | Loukovit | Strajitsa |
| Bourgas | Nikopoli | Svoghé |
| Breznik | Nova-Zagora | Tatar-Pazardjik |
| Brezovo | Novi-Pazar | Tétéven |
| Choumla | Novo-Sélo | Tschépelaré |
| Dobritsch | Novo-Séltsi | Tschirpan |
| Doubnitsa | Orhanié | Tirnovó |
| Drénovo | Osman-Pazar | Tirnovó-Séimen |
| Elena | Panagurichté | Toutrakan |
| Eski-Djoumaya | Pavlikéni | Trevna |
| Ferdinand | Pechtéra | Trn |
| Gabrovo | Philippopoli | Troyan |
| Golémo-Konaré | Pirdop | Tsaribrod |
| Gornia-Oréhovitsa | Pleven | Varna |
| Harmanly | Popovo | Vratza |
| Haskovo | Preslav | Widin |
| Ihtiman | Provadia | Yamboli |
| Karlovo | Radomir | |
| Karnobad | Rahowa | |

Agencies at:

Armoutly
 Bech-Tépé
 Bratsigovo
 Bélovo
 Bobochèvo
 Chipikovo
 Chada-Keuy
 Dolistovo
 Drinovo
 Dolna-Bania
 Dolné-Oréhovo
 Dobroslavtsi
 Dragadinovo
 Godetsch
 Gabarévo
 Gradets
 Goléma-Kaïnardja
 Hébibtschevo
 Katsélovo
 Karabounar
 Kosloundja
 Krivodol
 Kraptscha
 Kavarna
 Knéja
 Kermenly

Kalouguérov
 Klissoura
 Kosloundja
 Karabounar(district
 de Bourgas)
 Kalfa-Keuy
 Kayadjik
 Lopouchna
 Lahanly
 Létnitsa
 Ladgéné
 Mahalata
 Méritschléry
 Novo-Sélo
 Nalbantlaré
 Ougartschin
 Ossicovitsa
 Popovtsi
 Pacha-Keuy
 Poïbréné
 Pérouchtitsa
 Pordim
 Popovéné
 Papasly
 Polsky-Sénovets
 Rahmanly

Roman
 Rila
 Rahmanlaré
 Radné-Mahlé
 Staro-Novo-Sélo
 Soungourlaré
 Sarantsi
 Smédovo
 Syrichnik
 Souhindol
 Slivnitsa
 Straldja
 Télich
 Trastenik
 Tvarditsa
 Tschouchovo
 Tsrikva
 Tsar-Asparouhovo
 Tscherven-Brég
 Vardoum
 Vaksovo
 Valtschidram
 Vassilovtsi
 Vétovo

Principal transactions.

Deposit accounts. Guaranteed loans. Loans on securities. Mortgages. Warrants. Loans on commercial bills. Credit accounts. Advances to the State. Exchange and Estimates. Stock-Exchange operations. Cashing and collection of bills. Credit-letters. Keeping of securities and renting of strong boxes.

Tarif for collection, acceptances, information and payments.

Collection of bills on Sofia, Bourgas, Plovdiv (Philippopolis), Plevna, Roustchouk, Sistova, Slivno, Stara-Zagora, Tirnova, Varna and Widdin.

| | |
|---|-------------------------|
| Commission of a minimum of francs 0.50, | |
| per bill | $\frac{1}{2} \text{ ‰}$ |
| Commission on dishonoured and protested | |
| bills, expenses for protest not included, francs 0.50 | |
| Dishonoured bill, free of charges | » 0.50 |
| For acceptance, per bill | » 0.50 |

Bills on other places in Bulgaria.

| | |
|--|--------------------------|
| Commission of a minimum of francs 0.75, | |
| per bill | $2\frac{1}{2} \text{ ‰}$ |
| Commission on dishonoured and protested | |
| bills, protest fees not included | francs 1.25 |
| Dishonoured bills, free of charges, per bill | » 1.25 |
| Acceptances, per bill | » 1.25 |
| Information fee | francs 1.— |

Payements.

| | |
|---|----------------------|
| Arrangements by cheques on the branches of the Bank, minimum francs 0.50 | $1\frac{0}{2}/_{00}$ |
| Credit letters and payments against documents, minimum francs 1.50 | $1\frac{1}{2}/_{00}$ |

The collected bills are covered at the rate of the Bank on the day of collection.

The Bank does not assume any liabilities in case of non-payment of cheques drawn in payment of bills payable by cheque at the choice of the drawee. It also charges a commission of a minimum of francs 0.50 $1\frac{0}{2}/_{00}$.

The mention «Payable at the exchange rate on» must form part of the text of the bill, following the amount.

The date of the term must be clearly specified whether in new or old style. If this is not done, the old style is adopted.

All bills handed for collection are subject to the Bulgarian stamp law.

The bills not bearing the mention «without charges» will be protested in case of non-payment.

The bills are not considered paid until the Bank has given notice of having collected their value.

All bills must be forwarded directly to the Central Office of the Bank in Sofia, so that the bills on Sofia should reach, if possible, five days before their term and those on other places, at least ten days before their term. Otherwise, the Bank does not assume any liabilities for not protesting the bills at the proper time.

Orders to pay, as well as advices of cheques on all places in Bulgaria, must be addressed to the Central Offices in Sofia which will inform the respective branches of the Bank.

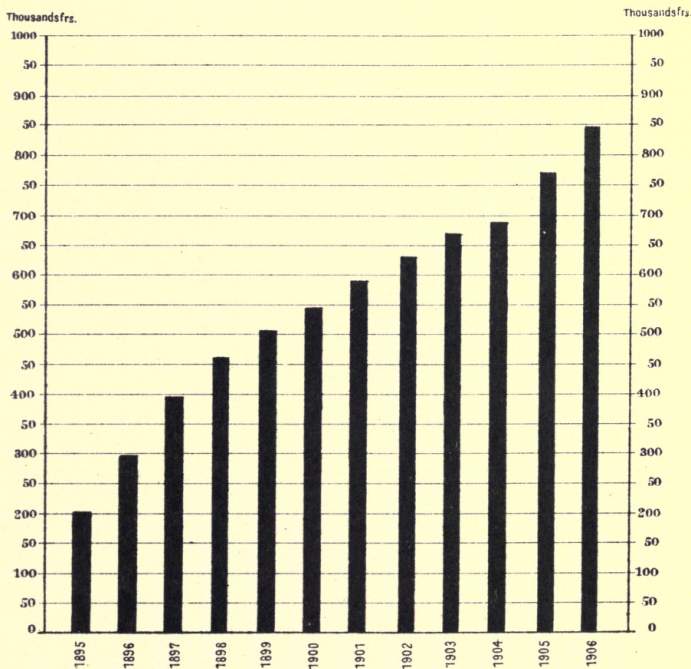
All stamp duties and postage fees are at the charge of the clients of the Bank.



OPERATIONS

1895-1906

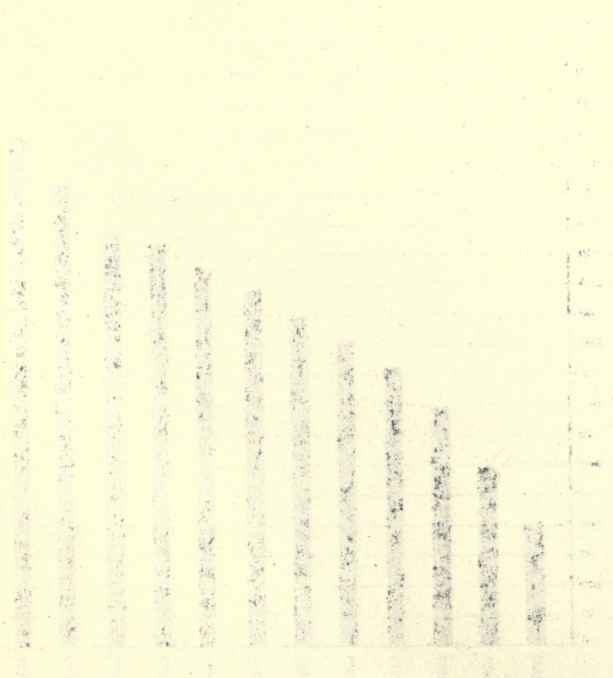
NUMBER OF OPERATIONS



REPORTING

1911

NUMBER OF OPERATIONS



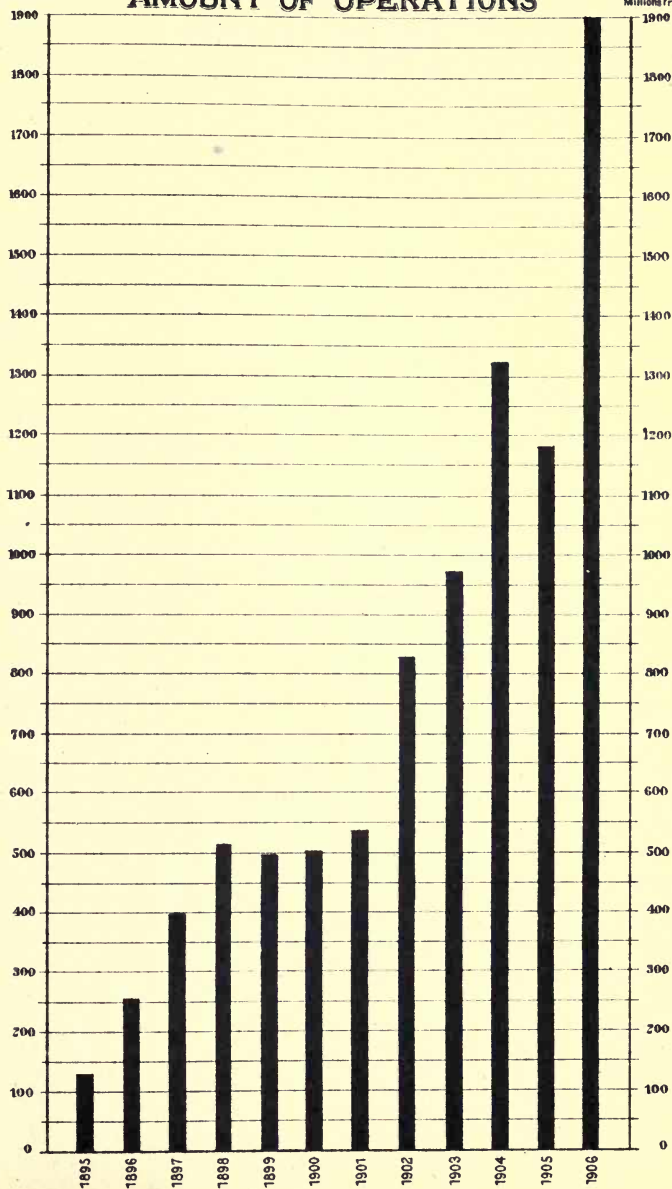
OPERATIONS

1895-1906.

AMOUNT OF OPERATIONS

Millions frs.

Millions frs.



1890

1890

1890

1890

1890

1890

1890

1890

1890

1890

1890

1890

1890

1890

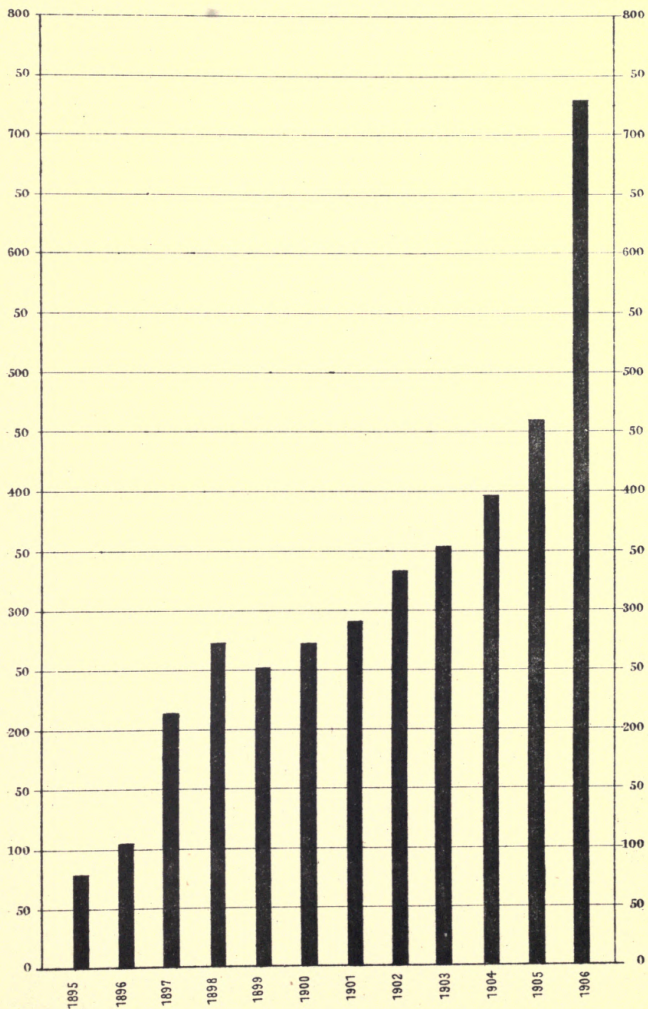
1890

CASH CIRCULATION

1895-1906.

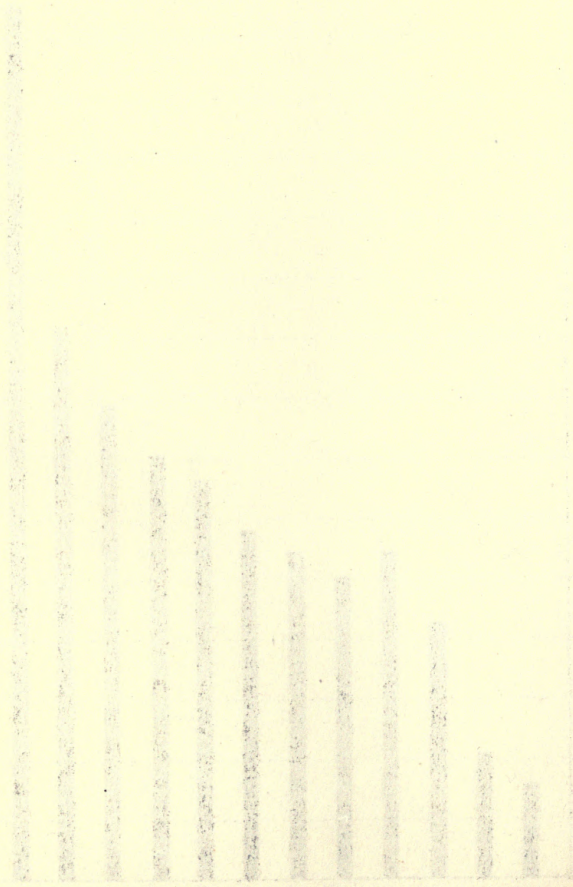
Millions Frs.

Millions Frs.

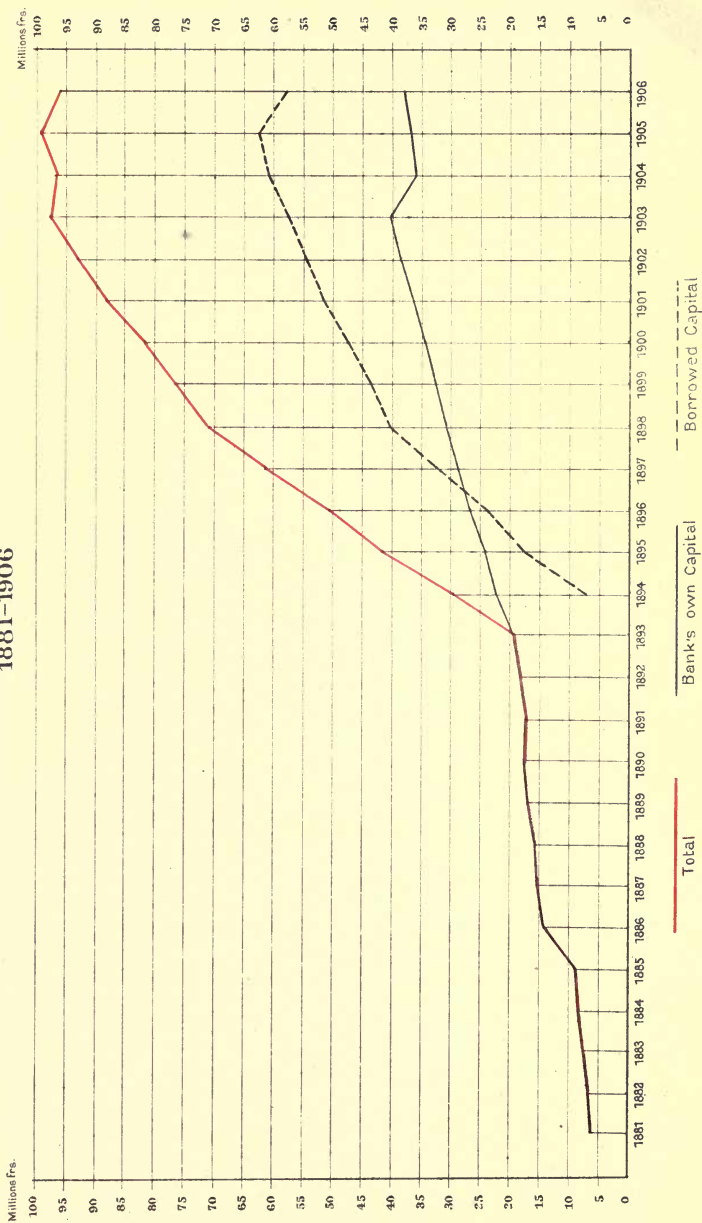


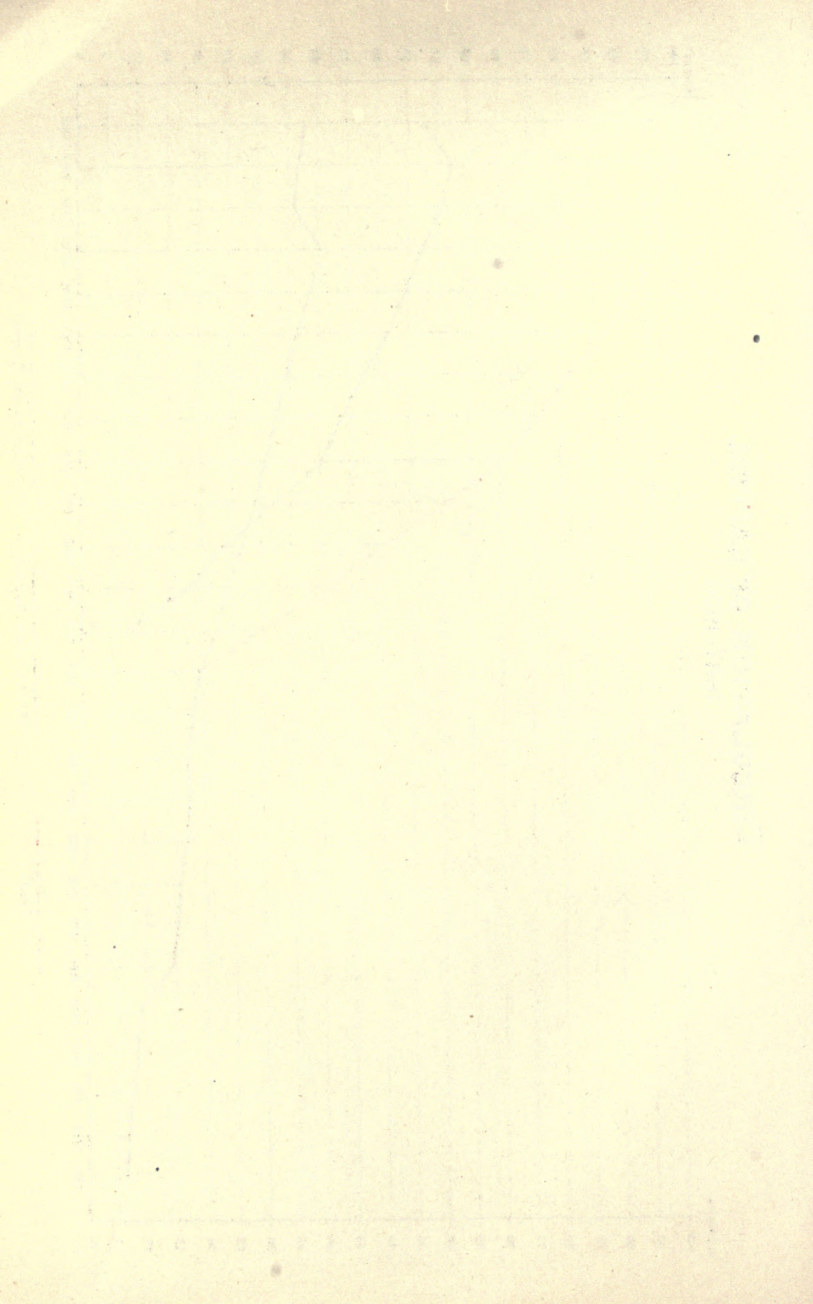
NOTES ON THE

1880-1881



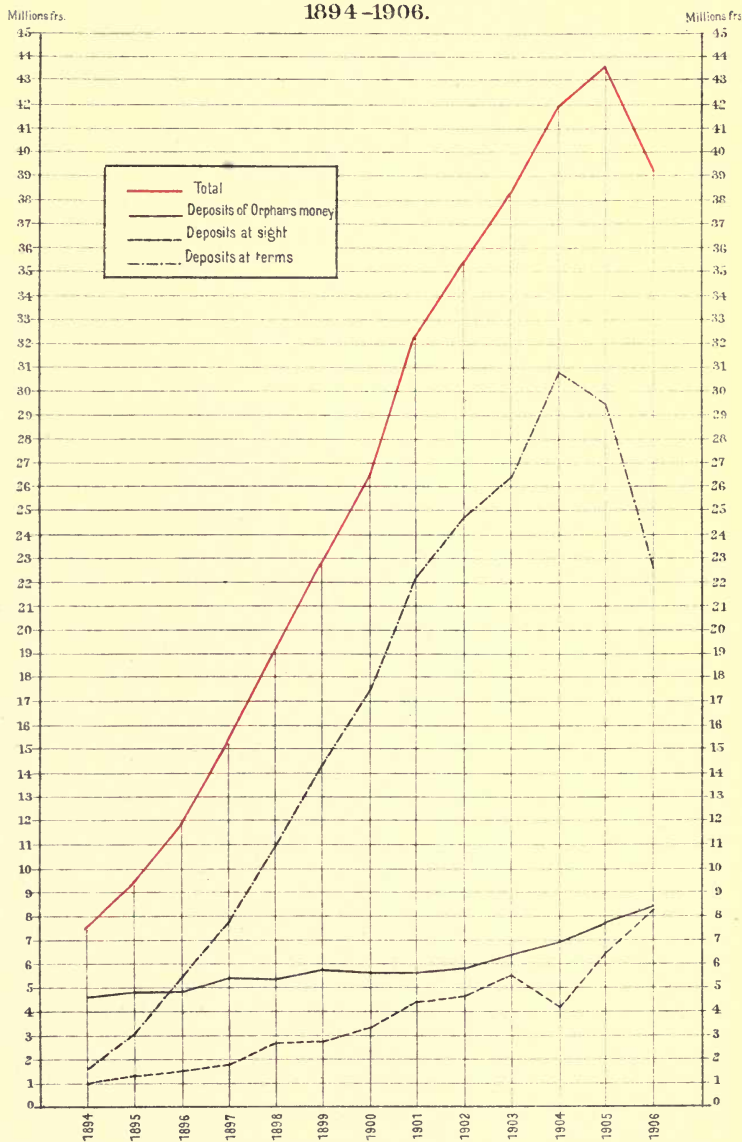
CIRCULATION OF CAPITAL 1881-1906





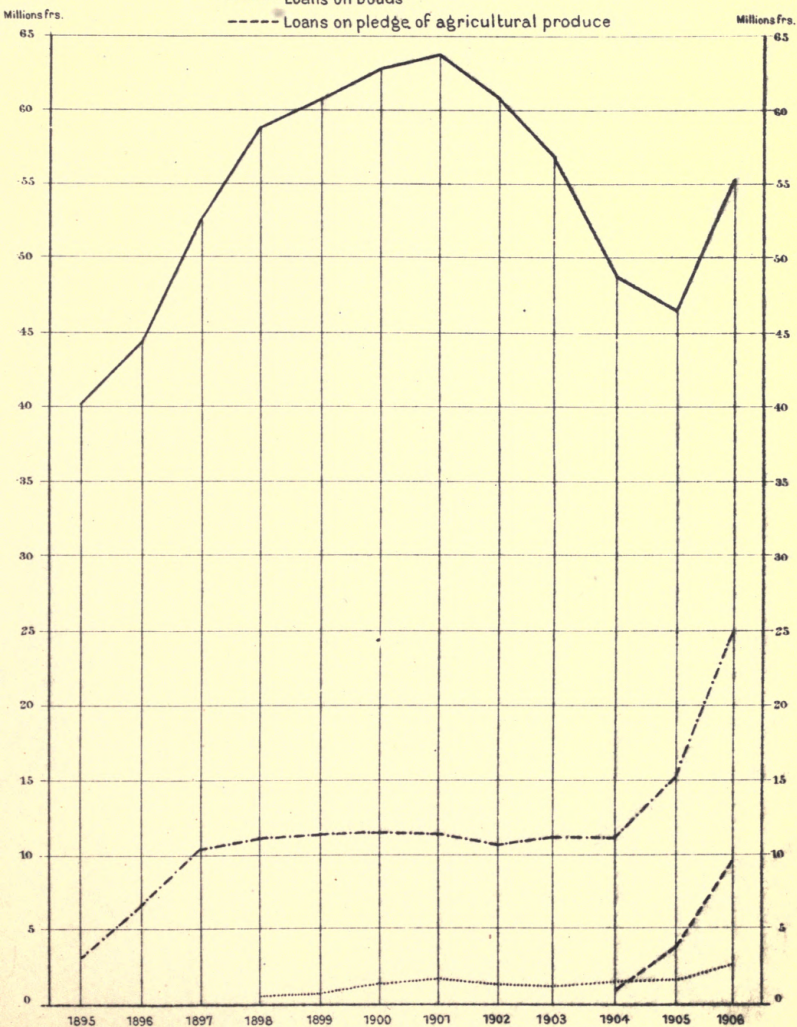
CIRCULATION OF DEPOSITS

1894-1906.



LOANS ALLOWED BY THE BANK

- On personal surety
- - - On mortgage surety
- Loans on bouds
- - - Loans on pledge of agricultural produce



AND ALLOWED BY THE BOARD

OF THE

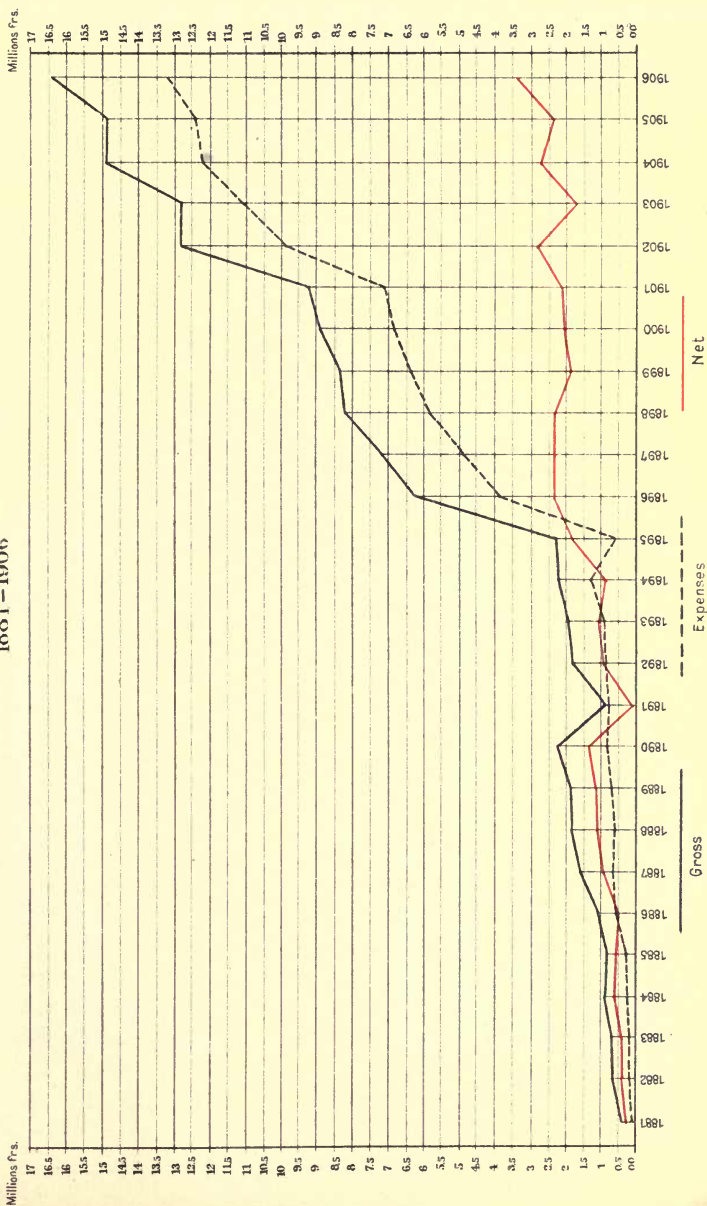
OF THE

OF THE




OF THE



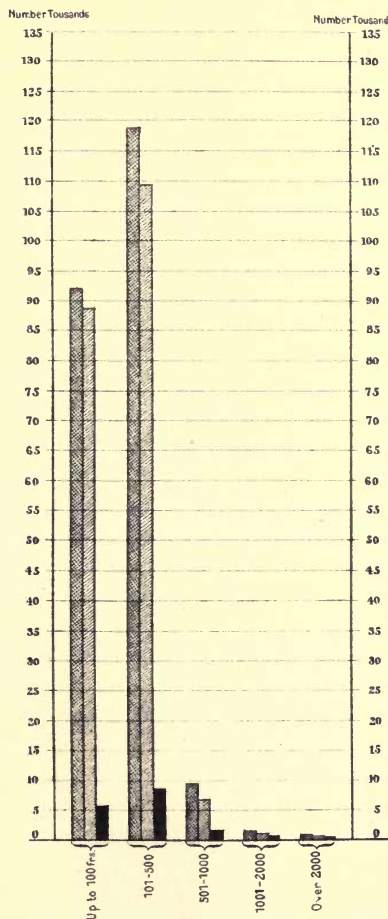
ANNUAL ACCOUNTS OF LOSSES AND PROFITS. 1881-1906



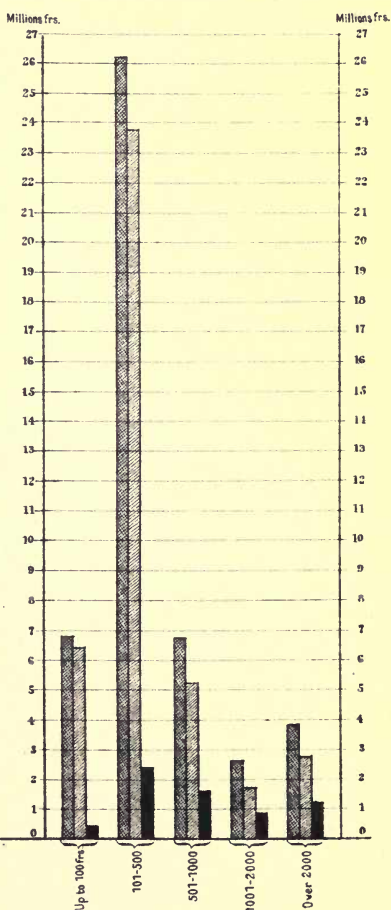
REPARTITION OF THE PORTEFEUILLE ON 31 DECEMBRE 1906 BY PROFESSION OF THE DEBTORS

 Agriculturists
 Non agriculturists
 Total

NUMBER OF BILLS



AMOUNT OF BILLS



LOANS MADE TO THE AGRICULTURISTS.

(ON THE 31 DECEMBER 1906)

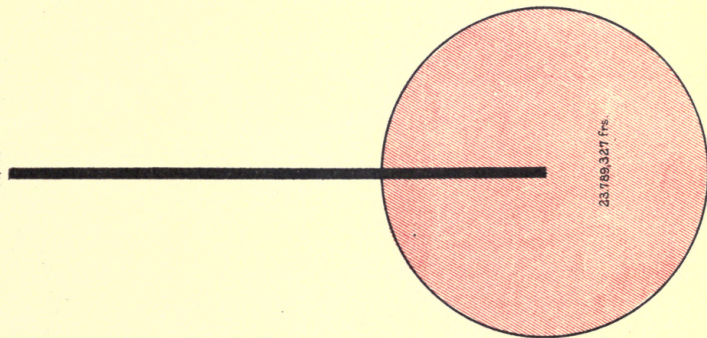
Number of bills

Amount of bills

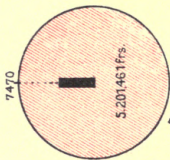


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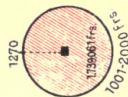
88353



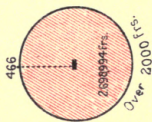
101-500 frs.



501-1000 frs.



1001-2000 frs.



Over 2000 frs.

7470

1270

466